



# Department of Justice

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## **DUTCH CHEMICAL GIANT, AKZO NOBEL, AGREES TO PLEAD GUILTY AND PAY \$12 MILLION FINE FOR ITS ROLE IN CRIMINAL ANTITRUST CONSPIRACY**

### **European Executive Agrees to Serve a Jail Sentence in the United States**

WASHINGTON, D.C. - - Dutch chemical giant, Akzo Nobel Chemicals BV, agreed to plead guilty today and pay a \$12 million criminal fine for participating in an international conspiracy to fix prices and allocate market shares of monochloroacetic acid (referred to as MCAA), the Department of Justice said. Erik Anders Broström, an Akzo Nobel executive and a Swedish citizen, has also agreed to plead guilty, and serve a three-month jail sentence in the United States and pay a \$20,000 fine. MCAA is used to form intermediate chemical compounds that are used in numerous commercial and consumer products, such as pharmaceuticals, herbicides, and plastic additives.

According to the one-count felony charge filed today in U.S. District Court in San Francisco, Akzo Nobel and Broström conspired with unnamed MCAA producers to suppress and eliminate competition in the MCAA industry from 1995 to 1999. By agreeing on the prices to be charged in the United States and on each company's share of the U.S. market, they effectively eliminated competition for their customers. Under the plea agreements, which must be approved by the court, both Akzo Nobel and Broström have agreed to assist the government in its ongoing MCAA investigation.

The United States consumes roughly \$50 million in MCAA annually. Akzo Nobel is headquartered in The Netherlands, but it sells millions of dollars worth of MCAA into the United States each year.

"Today's case is yet another example of the Antitrust Division's continued commitment and ability to attack international cartel activity that harms American businesses and consumers," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division.

Akzo Nobel and Broström are charged with carrying out the conspiracy with their co-conspirators by:

- Participating in meetings and conversations to discuss the prices and market shares of MCAA sold in the United States and elsewhere;
- Agreeing, during those meetings and conversations, to charge prices at certain levels and otherwise to increase and maintain prices of MCAA sold in the United States and elsewhere;
- Agreeing, during those meetings and conversations, to allocate among major producers of MCAA the market shares of MCAA to be sold in the United States and elsewhere;
- Issuing price announcements and price quotations in accordance with the agreements reached; and
- Exchanging information on sales of MCAA in the United States and elsewhere, for the purpose of monitoring and enforcing adherence to the agreed-upon prices and market shares.

“This case is just the first in our ongoing probe of antitrust violations in the MCAA industry,” said Jim Griffin, the Antitrust Division’s Deputy Assistant Attorney General for Criminal Enforcement. “The company and executive that were charged today will provide valuable cooperation that will help advance our investigation against their co-conspirators.”

Akzo Nobel was charged with violating Section 1 of the Sherman Act, which carries a maximum fine of \$10 million for corporations and a maximum penalty of three years imprisonment and a \$350,000 fine for individuals. The maximum fine may be increased to twice the gain the conspirators derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today’s charges are the result of an ongoing investigation being conducted by the Antitrust Division’s San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

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